

**STATE PROPERTY AND BUILDINGS COMMISSION**  
**July 16, 2007**

**MINUTES**

The State Property and Buildings Commission was called to order by Kristen Webb, Chief of Staff, Finance and Administration Cabinet and proxy for Mike Burnside, Secretary, Finance and Administration Cabinet at 10:00 a.m. in Room 76 of the Capitol Annex on Monday, July 16, 2007 in Frankfort, Kentucky. Other members present were Libby Milligan, proxy for Governor Ernie Fletcher; Bonnie Howell, proxy for Attorney General Greg Stumbo; Katie Smith, proxy for John E. Hindman, Secretary, Cabinet for Economic Development; Allen Holt, proxy for Brad Cowgill, State Budget Director; Dr. Randy Embry, proxy for Lt. Governor Steve Pence; and Edgar C. Ross, Executive Director, Office of the Controller.

Chief of Staff Webb verified that a quorum was present and that the press was notified of the meeting. The Chair recognized that the State Budget Director has been added to the membership of the Commission by a recent Executive Order.

A motion was made by Allen Holt and seconded by Katie Smith to approve the minutes of the June 18, 2007 meeting. Motion carried and the minutes were approved.

F. Thomas Howard, Executive Director, Office of Financial Management, introduced Resolution 2007-18:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS  
COMMISSION OF THE COMMONWEALTH OF KENTUCKY  
APPOINTING THE SECRETARY OF THE FINANCE AND  
ADMINISTRATION CABINET AS THE EXECUTIVE DIRECTOR OF  
THE COMMISSION AND DELEGATING THE PERFORMANCE OF  
CERTAIN ADMINISTRATIVE FUNCTIONS NECESSARY TO  
ACCOMPLISH THE PURPOSE OF THE COMMISSION.**

Mr. Howard stated that Mike Burnside was being sworn in as Secretary of the Finance and Administration Cabinet due to the resignation of John Farris. He further stated that Resolution 2007-18 appoints Secretary Burnside as the Executive Director of the State Property and Buildings Commission. Mr. Howard noted that this action was necessary to authorize the Secretary to call the meetings as needed, preside over the meeting in the absence of the Governor, and to sign documents approved by the Commission.

A motion was made by Bonnie Howell and seconded by Ed Ross to adopt Resolution 2007-18 appointing the Secretary of the Finance and Administration Cabinet as the Executive Director of the Commission and delegating certain administrative functions necessary to accomplish the purpose of the Commission. Motion carried and Resolution 2007-18 was adopted.

Mr. Howard introduced Resolution 2007-19:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY DELEGATING THE PERFORMANCE OF CERTAIN ADMINISTRATIVE FUNCTIONS OF THE COMMISSION TO THE SECRETARY OF THE FINANCE AND ADMINISTRATION CABINET ACTING IN HIS CAPACITY AS EXECUTIVE DIRECTOR OF THE COMMISSION.**

Mr. Howard stated that Resolution 2007-19 is a similar resolution delegating the performance of certain administrative functions to the Secretary of the Finance and Administration Cabinet as Executive Director of the Commission to sign modifications and amendments to documents for economic development projects that have been approved by the Kentucky Economic Development Finance Authority (KEDFA). Mr. Howard noted that approval of the Resolution would allow the Secretary to approve minor amendments without having to call a full meeting of the Commission.

A motion was made by Bonnie Howell and seconded by Dr. Randy Embry to adopt Resolution 2007-19 delegating the performance of certain administrative functions to the Secretary of the Finance and Administration Cabinet acting in his capacity as the Executive Director of the Commission. Motion carried and Resolution 2007-19 was adopted.

Mr. Howard introduced Resolution 2007-20:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF MOREHEAD STATE UNIVERSITY GENERAL RECEIPTS BONDS, 2007 SERIES A AND AFFIRMING A CONTRACTUAL COMMITMENT OF THE COMMONWEALTH WITH RESPECT TO SUCH PROPOSED BONDS.**

Terri Fugate, Deputy Executive Director, Office of Financial Management, stated that Resolution 2007-20, approves the issuance of Morehead State University General Receipts Bonds, 2007 Series A in an estimated size of \$6,645,000. Ms. Fugate stated that the University proposes to sell Agency Fund supported revenue bonds on August 2, 2007 to provide financing for the acquisition, construction, reconstruction and equipping of Nunn Hall, to expand the Wellness Center and to pay cost of issuance for the 2007 Series A Bonds. She added that these two projects complete the issuance of all projects for Morehead State University at this time. Ms. Fugate pointed out that the bonds will be subject to the intercept program. She stated that Section 3 Affirmation of Covenant of the Resolution takes note of the fact that if the revenues for housing are insufficient to operate or maintain the housing system, the Commonwealth will

continue to provide for the cost of operation of the system as long as the bonds are outstanding. Ms. Fugate indicated that the General Receipts Indenture and the bond issue were approved by the Board of Regents on June 15. She noted that this bond issue will be presented to the Capital Projects and Bond Oversight Committee on July 24, 2007 if approved. Ms. Fugate noted that the financing team for the transaction consisted of Peck, Shaffer & Williams as bond counsel; Hilliard and Lyons as financial advisor; and U. S. Bank as the trustee.

A motion was made by Ed Ross and seconded by Bonnie Howell to adopt Resolution 2007-20 approving the issuance of Morehead State University General Receipts Bonds, 2007 Series A and affirming a contractual commitment of the Commonwealth with respect to such proposed bonds.

Mr. Howard introduced Resolution 2007-21:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY SUPPLEMENTING A RESOLUTION OF SAID COMMISSION ADOPTED ON JUNE 18, 2007 RELATING TO THE ISSUANCE OF MURRAY STATE UNIVERSITY GENERAL RECEIPTS BONDS, 2007 SERIES A AND AFFIRMING A CONTRACTUAL COMMITMENT TO THE COMMONWEALTH, WHICH SHALL BE BINDING DURING THE ENTIRE LIFE OF SUCH PROPOSED BONDS, ALL IN ACCORDANCE WITH A CERTAIN RESOLUTION UNANIMOUSLY ADOPTED BY THIS COMMISSION ON AUGUST 21, 1964.**

Ms. Fugate stated that Resolution 2007-21 relates to a Resolution approving \$14,640,000 million of General Receipts Bonds for Murray State University that were approved at the June 18, 2007 meeting. The Resolution reaffirms that Housing and Dining System Bonds are outstanding in addition to the proposed General Receipts Bonds and if revenues are not sufficient to provide operating costs, the Commonwealth will supply from other sources the funds needed to continue the contractual agreement as long as the bonds are outstanding. Ms. Fugate noted that the latest maturity for the outstanding housing bonds is 2027 and the latest call date is September 2015. Ms. Fugate indicated that the University could refund those bonds at a more feasible time.

A motion was made by Allen Holt and seconded by Katie Smith to adopted Resolution 2007-21 supplementing a Resolution of said Commission adopted on June 18, 2007 relating to the issuance of Murray State University General Receipts Bonds, 2007 Series A and affirming a contractual commitment of the Commonwealth which shall be binding during the entire life of such proposed bonds. Motion carried and Resolution 2007-21 was adopted.

Mr. Howard introduced Resolution 2007-22:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE BY THE KENTUCKY HOUSING CORPORATION OF ITS TAX EXEMPT MULTIFAMILY HOUSING BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$11,000,000.**

Nora Marshall, Policy Analyst, Office of Financial Management, stated that Resolution 2007-22 authorizes the issuance of Kentucky Housing Corporation Fixed Rate, Tax Exempt Multifamily Housing Bonds for Liberty Green Rental Project in Louisville, Kentucky in a principal amount not to exceed \$11,000,000. Ms. Marshall indicated that the Phase III project is a conduit issue for a new construction apartment development that will consist of 146 units. Ms. Marshall added that this is the third phase of the Liberty Green redevelopment funded with HOPE grants from the U. S. Department of HUD. Ms. Marshall stated that the proposed date of sale is August 23, 2007 and the date of issuance is September 13, 2007. She added that the non-callable bonds will be issued as fixed rate with a short maturity of two years and the tax exempt bond construction loan will be retired with the Hope funds and other federal funds that have been committed to the project. Ms. Marshall added that the financing team for the transaction consists of Peck, Shaffer & Williams as bond counsel; Squire Sanders & Dempsey L.L.P. as underwriter's counsel; J. P. Morgan Securities, Inc. as underwriter; and The Bank of New York Trust Company, N.A. as trustee. Ms. Marshall noted that the project was approved by the Kentucky Housing Corporation Board of Directors on May 31, 2007 and that staff recommends approval.

A motion was made by Dr. Randy Embry and seconded by Ed Ross to adopted Resolution 2007-22 approving the issuance by the Kentucky Housing Corporation of its Tax Exempt Multifamily Housing bonds in one or more series in an aggregate principal amount not to exceed \$11,000,000. Motion carried and Resolution 2007-22 was adopted.

Chairman Webb introduced Resolution 2007-23:

**A RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE APPLICATION OF THE SECRETARY OF THE CABINET FOR ECONOMIC DEVELOPMENT TO IDENTIFY AND SPECIFY CERTAIN ECONOMIC DEVELOPMENT PROJECTS TO BE FINANCED FROM THE PROCEEDS OF ECONOMIC DEVELOPMENT REVENUE BONDS TO BE ISSUED BY THE COMMISSION FOR (I) PROGRESS RAIL SERVICES CORPORATION (GRAVES COUNTY)(\$100,000) AND (II) NPR MANUFACTURING KENTUCKY, LLC (CITY OF BARDSTOWN) (\$300,000).**

Katie Smith, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development, stated that Resolution 2007-23 requests approval of economic development bond projects for two grants. Ms. Smith stated that the first grant is to the Graves County Fiscal Court for the benefit of Progress Rail Services Corporation in the amount of \$100,000. Ms. Smith indicated that the company plans to lease a 255,000 square foot manufacturing facility on 145.1 acres in Graves County. She continued that the project includes leasing the necessary building and investing in building improvements and equipment to enable the company to remanufacture locomotive engines for the railroad industry. Ms. Smith stated that company will be required to create 100 permanent full-time jobs for Kentucky residents at a salary of \$15.82 per hour excluding benefits within two years of the final grant disbursement.

Ms. Smith stated that the Resolution also approved a grant to the city of Bardstown for the benefit of NPR Manufacturing Kentucky, LLC. Ms. Smith indicated that the company proposed to construct a 192,375 square foot manufacturing facility in Bardstown to manufacture and distribute piston rings for the automotive industry. Ms. Smith noted that the company will be required to create 150 permanent full-time jobs for Kentucky residents with two years of completion of the project with a minimum wage requirement of \$14.20.

Ms. Smith added that both grants require the jobs to be maintained for an additional three years and failure to meet the job and wage requirements will result in the companies having to pay back a portion of the grant proceeds outlined in the grant agreements. She stated that both companies will be required to provide a Letters of Credit for each of the grants. Ms. Smith noted that Progress Rail received preliminary approval in December 2006 from the Kentucky Economic Development Finance Authority (KEDFA) for up to \$3.8 million in incentives and NPR Manufacturing received approval in May 2004 for up to \$237,932 of sales and use tax refunds from the Kentucky Enterprise Initiative Act and in June 2006 received preliminary approval from KEDFA for up to \$4 million of incentives from the Kentucky Rural Economic Development Act. Ms. Smith stated that both projects were recommended by the Secretary of the Cabinet for Economic Development and concurred upon by the Secretary of the Finance and Administration Cabinet and received approval from KEDFA at the June 2007 meeting. She added that both projects, if approved, will be presented to the Capital Projects and Bond Oversight Committee on July 24, 2007.

A motion was made by Bonnie Howell and seconded by Dr. Randy Embry to adopt Resolution 2007-23 approving the application of the Secretary of the Cabinet for Economic Development to identify and specify certain economic development projects to be financed from the proceeds of economic development bonds for (i) Progress Rail Services Corporation (Graves County)(\$100,000) and (ii) NPR Manufacturing Kentucky, LLC (City of Bardstown)(\$300,000). Motion carried and Resolution 2007-23 was adopted.

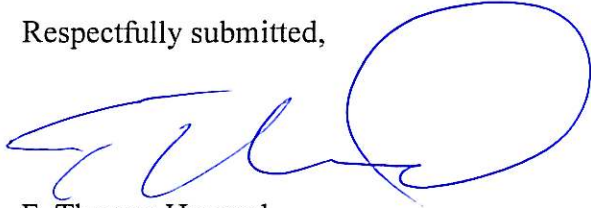
Minutes -- State Property and Buildings Commission

Page 6

July 16, 2007

With no further business before the Commission, a motion was made by Katie Smith and seconded by Bonnie Howell to adjourn the meeting. Motion carried.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a series of loops and a large circular flourish at the end.

F. Thomas Howard  
Secretary